

March 31, 2014

Honorable Steven Rhodes
C/O Clerk of the Court
United States Bankruptcy Court
Eastern District of Michigan
Southern District
211 W. Fort St, Suite 1800
Detroit, Michigan 48226

FILED
2014 APR -9 A 9:06
U.S. BANKRUPTCY COURT
E.D. MICHIGAN - DETROIT

Re: Case #53846

Objection to the Plan of Adjustment:

Dear Judge Rhodes,

All City of Detroit retirees are facing hardships as the result of dramatic health-care cuts and the proposed pension cuts. I am writing you to provide objections to the Plan of Adjustment.

I do share with you the concern of the future viability of the City of Detroit and all its residents past and present. But how do you expect to a sincere dialogue with retirees when the Plan of Adjustment is not fair and equitable? This must be rectified if you expect the bankruptcy to succeed and its conclusion to be considered legitimate.

The City of Detroit is a subdivision of the State of Michigan which has the duty, since 1988, to monitor their cities to ensure that financial distress does not become a crisis which it has failed to achieve for the City of Detroit. The State also has the duty to uphold its State Constitution which prohibits the diminishing accrued pension benefits. Clearly the state has failed to fulfill these duties and now expects its citizens to take on their burden. Retirees are the least able to recover from having their benefits cut.

The State of Michigan owes its existence and success to the City of Detroit because of the financial contributions the city has made over the last century. It is not unreasonable for the state to give back a small portion of what they received to help the city become solvent and protect the legitimacy of the constitution.

It is now obvious to everyone that retirees cannot trust the system or Mr. Orr because he has not been held accountable for lying to retirees when he stated that pensions are sacrosanct. I surmise that he was attempting to lull us into a false sense of security while conspiring with the governor to diminish our pensions. This is very a serious and disturbing lie coming from a member of the Bar Association.

I OBJECT

To The Plan of Adjustment because:

Constitution - Public Act 436

- Michigan's current Emergency Manager Law was passed shortly after a statewide referendum overturned a previous version of the law. Michigan's Governor subsequently disregarded the will of the people, he is sworn to represent, and signed PA 436 into law.
- This act *destroys the rule of law* and is akin to an act of a dictator not an elected official. It violates: *The Equal Protection Act*, *Violates Due Process* and *The Voting Rights Act*.
- I also object to the U.S. Trustee deciding who is representing me on the retiree committee. I believe that the retirees on the committee have such diverse needs and self-interests that I am not adequately represented (e.g., civilians receive social security which sworn do not, the respective pension systems have different levels of health, 13th checks, etc.). The committee members will likely act in their own self-interests not mine, although they have a fiduciary duty to all retirees.

Revenue Sharing

- The state of Michigan, while dramatically continuing to decrease revenue sharing to its cities, continues to balance its budget on the back of retirees. Michigan has the 4th largest state budget, trailing only California, New York and Ohio, while remaining the 9th largest state in terms of population. It is evident that has only been possible by taking monies from those citizens who can least afford it.

Health Care

- Mr. Orr began cutting healthcare benefits for all city workers long before any agreement was made or the confirmation hearing. I question the reason this could be done, was it for expedience or do we not matter? Apparently, I was also mistaken to think that fair and equitable negotiation was taking place before you allowed this to occur.
- A large portion of the 18 billion in debt the city claimed was 5.7 billion in health care liability. Most cities do not pre-fund healthcare. Until 2005 cities were not required to report unfunded healthcare liability and most cities including Detroit paid retiree healthcare from general fund annual operating expenses. Therefore, it was disingenuous for the city to claim almost a third of their bankruptcy based on unfunded healthcare.
- He cut health care benefits by 87%. Why, when there were much less onerous ways to substantially cut the benefits that were never explored. The city had 15 different health care options. They never looked at streamlining and reducing the options and what those costs were.
- The city offered a BC/BS plan for retirees at \$2,500 for a family. This is counterintuitive because last year retirees could sign up for a family plan from the city with a total cost to the city and retiree combined from \$800 -\$1,300. In addition, the MOST expensive plans that I hear of retirees purchasing on the marketplace are about \$1,500 prior to any government subsidies. What is going on?
- Additionally, retirees did not have an opportunity to vote on the plan before it was implemented. This is an immoral and unconscionable act on the part of Mr. Orr and the state.

- The issue of healthcare has already been settled for approximately 8000 retirees and their spouses in the Weiler Class Action Lawsuit. Does the rule of law mean anything? Our society is clearly in trouble when the government can change their minds or law whenever it is expedient for them to achieve their goals to balance municipalities books on the backs of those least able to afford and adjust to the change.
- This settlement also victimizes those of us who have decided to continue working after retiring to achieve a higher standard of living for our families. Your plan discriminates against these retirees because it prevents them from receiving the same compensation as those with lower incomes. This is evident in the 75 thousand dollar limit to receive a stipend for healthcare. Each retiree makes personal choices during and after their careers that impact their future finances. The redistribution of our earned wealth based upon your unelected idea of fairness is simply wrong.

Pensions

- Even using the emergency manager numbers the Detroit Pension Systems are better funded than the majority of systems in the country and better funded than the State of Michigan Pension System. Look in the Detroit News database (March 16, 2014 of Michigan Pension Systems) and you will see Detroit's systems are better funded than the majority of state pensions.
- The city does not want to contribute **ANYTHING** to the pension systems for 10 years and very little after that. That's analogous to someone killing their parents and then throwing themselves on the mercy of the court because they are orphans. To put it in a bankruptcy context it is like a personal bankruptcy where a person is allowed to discharge their credit card debts and post-bankruptcy is allowed to open a new charge card but they don't have to make a payment for the next 10 years. Ridiculous and I object!
- I disagree with your opinion that pensions can be cut and so does former State Senator Jack Faxon who helped draft the provision in the "new" state constitution that said pensions "can't be impaired." He said recently that it says what it means and further stated "The language in the Michigan Constitution was first reviewed by a professor, then Charlie Joiner, who (later) became a federal judge, and finalized by Bill Cudlip, who was then the senior attorney at Dickinson, Wright," a major Detroit law firm.
- Pensions are merely deferred wages. A person's pension including their COLA is fully paid when a person retires if the city has made their regular contributions. Until 2011 the city made its regular contributions so anyone who retired prior to then has had their pensions fully paid and should have no reductions.
- Remember that many retirees have made sacrifices to achieve higher standards of living via their pensions. The compensation we receive in our pensions just did not happen. Pensions are the result of hard work, investing time, money and resources in education, preparing for promotional exams, sacrificing time with our families and developing our leadership skills. Pension compensation is a direct result of the investment we made into our future and should not be held to a different compensation standard.

- Since the City of Detroit retirees DO NOT receive Social Security benefits their pensions are even more critical to their wellbeing. Imagine after retiring with a modest pension, absent Social Security benefits, having their pensions cut and being force to look for a job with acceptable compensation. It's maddening to think once proud officers, firefighters and city workers would be relegated to becoming greeters at Walmart just to survive their retirement!
- I trust you realize that annual pensions for city workers are approximately 19K while police and firefighter pensions average 30K. The compensations they receive are modest at best when compared to others.
- All retiring members have the ability to adjust the size of their pensions by leaving portions of their annuity in the general system and/or choosing various pop-up pension plans. They are actually making a choice to invest in their future. By way of example; not taking a percentage of your sick time payout and leaving it in the general fund you would receive a higher pension. They chose to purchase a higher pension with their own funds. This is only one of several examples I could cite. Are you going to reduce this retiree's pension the same as the retiree who chose to take his entire annuity payout? If it is your or the retiree committee's intent to treat and diminish pensions differently. I strongly object.
- I understand that the city has added a condition to all agreements they reach with retirees. For retirees to accept their offer we must also *agree to waive our right to sue*. I STRONGLY OBJECT.
- Recently the governor passed legislation that taxes retiree's pensions to help balance the state's budget. I suspect that is because the politicians can no longer raise taxes on citizens and survive an election. I might add that this year it resulted in the state having a billion dollar excess. Apparently the governor has no plans to return his excessive profits. Again retirees are victimized by diminishing their income. I object.
- Many retirees decide to continue working after retirement to supplement their modest incomes. Some of them eventually become eligible for Social Security benefits. Again the government has the fix in for them and it is called the Windfall Profits Act which decreases their Social Security benefits by 40% simply because they have a pension. Unbelievable!
- Should the governor and city succeed with this bankruptcy every retiree from municipalities throughout Michigan and the Country are at risks because they will come for your money to balance their books:

Emergency Manager

- One does not need to be a legal scholar to recognize the state's ignoring the voters by reacting to the repealed emergency manager law and making it referendum proof by including a spending provision makes it both immorally and legally reprehensible.

Your Honor, I implore you to balance the insincerity and lies that you have witnessed with your own eyes in the testimony of Kevyn Orr and examine and fully vent any future plans to reinvest in the city against the backdrop of heartache and pain that ANY pension/healthcare cuts will have on all retirees. I implore you to put politics aside and do the right thing.

Sincerely,

A handwritten signature in cursive script that reads "William Ochadleus".

William Ochadleus

Lieutenant DPD Retired

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